

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| TARIFF FILING OF KENTUCKY UTILITIES |) | |
| COMPANY AND LOUISVILLE GAS AND |) | CASE NO. |
| ELECTRIC COMPANY FOR NON-CONFORMING |) | 2003-00396 |
| LOAD CUSTOMERS |) | |

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS TO
NORTH AMERICAN STAINLESS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that North American Stainless ("NAS") file the original and 7 copies of the following information with the Commission, with a copy to all parties of record. The information requested herein is due February 20, 2004. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Refer to page 4, lines 9-11, of the Direct testimony of Charles Buechel ("Buechel Testimony") regarding the special contract under which NAS takes service

from Kentucky Utilities Company ("KU"). The contract has an initial term of 3 years to continue with 1-year extensions unless one party provides the other party a 1-year notice of its intent to terminate. Explain in detail why NAS invoked the contract's termination provision in March 2003.

2. Refer to page 5, lines 2-5 of the Buechel Testimony regarding the higher annual amount, \$1.4 million, that he claims KU will charge NAS under the proposed Non-Conforming Load Service ("NCLS") tariff compared to what NAS would be charged under KU's existing Large Commercial-Industrial Time-of-Day ("LCI-TOD") tariff.

a. Provide workpapers, spreadsheets, etc. that show the calculation of the \$1.4 million.

b. In his discussion of the \$1.4 million, Mr. Buechel references Exhibit B-2 of the testimony of F. Howard Bush, witness for KU and Louisville Gas and Electric Company. In addition to estimates of NAS's cost per Mwh under the NCLS and LCI-TOD tariffs, that exhibit also includes NAS's cost per Mwh under the existing contract. Using the same approach as used in the response to part (a) above, provide a calculation of the difference between NAS's cost under the proposed NCLS tariff and under the existing contract.

3. NAS is an intervenor in KU's pending rate case.¹ Is NAS aware, based on the billing units in Seelye Exhibit 15, page 23 of 51 in KU's rate application, that its annual bill for service presently taken under its special contract with KU will be greater under the rates in the proposed LCI-TOD tariff than under the proposed NCLS tariff?

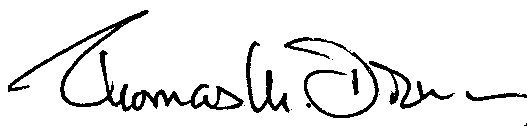
¹ Case No. 2003-00434, An Adjustment of the Electric Rates, Terms, and Conditions of Kentucky Utilities Company.

4. Refer to pages 5-1 of the Buechel Testimony regarding traditional rate-making in Kentucky, the manner in which the LCI-TOD tariff was developed, and Mr. Buechel's concern with how the NCLS tariff was developed.

a. Explain whether Mr. Buechel would still have concerns about the manner in which the proposed NCLS tariff was developed if it provided lower electricity costs for NAS, compared to the costs under the existing LCI-TOD tariff.

b. Per Mr. Buechel, KU's LCI-TOD tariff was not developed in its last general rate case in which rates were determined based on a cost-of-service study. Explain whether, by Mr. Buechel's definition, the development of the LCI-TOD tariff outside of that general rate case was outside the scope of "traditional rate-making."

5. Refer to page 8, line 17, continuing to page 9, line 2 of the Buechel Testimony, regarding the comparison of the cost to NAS under the proposed NCLS tariff and the load following cost to a wholesale customer under KU's open access wholesale transmission tariff. Explain in detail why wholesale load following, measured on an hourly basis, is valid for comparison with the load following provisions in the proposed NCLS tariff.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
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DATED: February 10, 2004

cc: Parties of Record